

ANNEXURE 2

NUMBER OF JUNIOR IRON ORE EXPLORERS

Introduction

1. BHPBIO has identified 102¹ iron ore tenements held by junior explorers² that are sufficiently close to the Mt Newman Line.³
2. Junior explorers that hold iron ore tenements can be categorised in two ways:
 - (a) by the entity that is the registered holder of the tenement; and
 - (b) by the entity that has announced publicly that it has a major interest in the rights to explore, prospect or mine the iron ore tenement (which can be a different entity from the registered tenement holder).

Registered tenement holders

3. There are 27 registered tenement holders of the 102 iron ore tenements that are sufficiently close to the Mt Newman Line.⁴ Of these, 12 are listed companies, 13 are non-listed companies and 2 are individuals.
4. While there are 27 registered tenement holders, the actual number of separate "junior iron ore explorers" is significantly lower, because:

¹ 82 exploration licence applications, 17 mining lease applications and 3 prospecting licence applications. The number of 102 tenements overstates the actual area of land affected by tenement applications because mining lease applications made by a tenement holder may cover parts of the same area of land as that holder's exploration licence or prospecting licence. For example, the 10 mining lease applications held by Flinders Diamonds Limited (corresponding to the area covered by Flinders' exploration licence E47/1016) were made "to preserve area pending possible mandatory reduction in area of EL's": see Flinders, *Annual Report 2005*. FMG has exclusive iron ore rights at a number of Flinders' tenements including E47/1016 (see below).

² This number excludes tenements (by number) held by BHP Billiton and related companies (685); Pilbara Iron and related companies (1144); Hancock Prospecting and related companies (45); FMG and related companies (171); and Pilbara Iron Ore Pty Ltd (jointly owned by Consolidated Minerals Ltd and FMG) (13).

³ Sinclair Knight Merz, "Pilbara – 80 km rail buffer corridor and iron ore tenements (live and pending) by company group at 1 August 2005: Spatial locations (A1-3046/A)"; Sinclair Knight Merz, "Pilbara – 80 km rail buffer corridor and iron ore tenements (live and pending) by company group at 1 August 2005: Textual tenement listing (A1-3046/A)". The map and tenement listing is based on the Department of Industry and Resources' digital tenement boundaries (TENGRAPH) dated 1 September 2005 and the list of iron ore tenements and Ministerial Reserves compiled by DOIR for the production of their 2005 version of the map titled "Iron Ore Deposits of the Pilbara Region".

⁴ This does not include Cazaly Resources Ltd (pending application for the Shovelanna Project), Atlas Gold Ltd (which has acquired a number of iron ore interests in the Pilbara), or Echelon Resources Limited (which acquired certain iron ore interests in tenements held by Ausi Iron NL). None of these entities were listed as "holders" of any of the tenements as 1 August 2005. Each of Atlas Gold Limited and Echelon Resources Limited however has publicly announced that it has a major interest in the rights to explore or mine an iron ore tenement that is sufficiently close to the Mt Newman Line, and consequently has been included in the alternative analysis below.

2.

- (a) many iron ore tenements are held by related entities. For example, tenements may be held by both a parent company and its subsidiary,⁵ by individuals who are directors of two separate registered holders⁶ or by a joint venture vehicle and a major participant in that joint venture;⁷ and
- (b) in a number of cases, the registered tenement holder has given a third party an interest in its registered tenement(s).⁸

Entities publicly claiming interests in tenements

- 5. There are 24 separate entities that have announced publicly that they have a major interest in the rights to explore, prospect or mine iron ore tenements that are close to the Mt Newman Line (**iron ore rights holders**). Of these 24 entities, 16 are listed companies, 7 are non-listed companies and one is an individual.
- 6. The majority of the holdings are concentrated in a small number of holders. Less than a third of the 24 iron ore rights holders hold 65% of the tenements by number.⁹ Further, as with the number of registered tenement holders, there is considerable overlap between entities that have announced rights over iron ore tenements:
 - (a) where a registered tenement holder has a listed parent, the parent company has been used in this grouping, unless another company has claimed a major interest over that tenement (in which case the company claiming a major interest has been used); and
 - (b) where a company/individual with registered tenement holdings has some tenements over which another company claims an interest and other tenements over which (according to publicly available information) no other company claims an interest, both the registered holder and company claiming an interest have been included in the list of 24.¹⁰

⁵ For example, Aquila Steel Pty Ltd is a controlled entity of Aquila Resources Limited, however both are included in the list of 27 "holders" of iron ore tenements.

⁶ Of the two individuals in the 27 tenement holders, Derek Ammon is exploration director of and 50% shareholder in Iron Ore Holdings Ltd and Roland Smit is exploration director of Marengo Mining Limited (both of which are listed companies and included in the 27 tenement holders).

⁷ API Management Pty Ltd is 50% owned by Aquila Steel Pty Ltd (whose parent is Aquila Resources Limited, both of these Aquila companies are included in the list of 27), and 50% owned by Westiron Pty Ltd (a subsidiary of ACMI Holdings Australia Pty Ltd).

⁸ At least 11 tenement holders (not including related bodies corporate) have arrangements in place under which other parties have interests over the right to explore, prospect or mine for iron ore in relation to one or more tenements.

⁹ These are Aquila Resources Limited, Berkeley Resources Ltd, Consolidated Minerals Limited (however note that ConsMin's interests in tenements as part of its joint venture with FMG through Pilbara Iron Ore Pty Ltd have not been included), Giralia Resources NL, Poondano Exploration Pty Ltd/Mt Gibson Iron Limited and Iron Ore Holdings Ltd.

¹⁰ Mt Gibson Iron Limited (which has recently entered a 60% farm in arrangement in relation to Poondano Exploration Pty Ltd's exploration areas in the Pilbara) has been included in addition to Poondano Exploration Pty Ltd in the list of

24. Both Aquila Resources Limited and API Management Pty Ltd have been included in the list of 24, despite the fact that API Management Pty Ltd is 50% owned by Aquila Steel Pty Ltd (a controlled entity of Aquila Resources Ltd). Marengo Mining Limited has been included in the list of 24 despite its only registered tenement within 80 km of the Mt Newman Line being subject to a farm-out to Poondano Exploration Pty Ltd, as Marengo also has stated that it has a 100% interest in the tenement held by its director Ronald Smit (which is also located within 80 km of the Mt Newman Service). Note that Flinders Diamonds Limited and its relevant tenements have been excluded from this grouping given that FMG has been granted exclusive iron ore rights in relation to certain tenements (see below).